

Fourteenth Annual Report

NOV 18 1960

DeCOURSEY-BREWIS MINERALS LIMITED

as at May 31st, 1960

D E C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

OFFICERS AND DIRECTORS

145 Yonge Street, Toronto, Ontario

Incorporated under the Laws of the Province of Ontario

O F F I C E R S

ARTHUR W. WHITE	- - - - -	- - - - -	President
LAWRENCE W. McILMURRAY, B.Com.	- - - - -	- - - - -	Vice-President
H. R. HEARD, C.A.	- - - - -	- - - - -	Secretary-Treasurer

D I R E C T O R S

ARTHUR W. WHITE	- - - - -	- - - - -	Toronto, Ontario
ROBERT B. LAW, Q.C.	- - - - -	- - - - -	Welland, Ontario
DAVID F. BURT	- - - - -	- - - - -	Toronto, Ontario
JACK J. WHITE	- - - - -	- - - - -	Burlington, Ontario
R. G. WOLFE	- - - - -	- - - - -	Anchorage, Alaska
W. A. EDMOND	- - - - -	- - - - -	Toronto, Ontario
LAWRENCE W. McILMURRAY, B.Com.	- - - - -	- - - - -	Toronto, Ontario

A U D I T O R S

McDONALD, NICHOLSON & CO.
Toronto, Ontario

C O N S U L T I N G G E O L O G I S T

GEORGE L. HOLBROOKE
Toronto, Ontario

R E G I S T R A R A N D T R A N S F E R A G E N T S

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario
BANK OF NEW YORK
New York City, U.S.A.

**ALASKA MINES AND MINERALS
INCORPORATED
ANCHORAGE, ALASKA**

O F F I C E R S

R. G. WOLFE	- - - - -	- - - - -	President
ROBERT F. LYMAN	- - - - -	- - - - -	Vice-President
H. R. HEARD	- - - - -	- - - - -	Secretary-Treasurer
MRS. JULIANA WILSON, Attorney-at-Law	- - - - -	- - - - -	Assistant Secretary

D I R E C T O R S

ROBERT F. LYMAN	- - - - -	- - - - -	Anchorage, Alaska
G. L. HOLBROOKE	- - - - -	- - - - -	Toronto, Ontario
R. G. WOLFE	- - - - -	- - - - -	Anchorage, Alaska
A. W. WHITE	- - - - -	- - - - -	Toronto, Ontario
H. R. HEARD	- - - - -	- - - - -	Toronto, Ontario

REPORT TO SHAREHOLDERS

To the Shareholders:

Your Directors submit herewith the Fourteenth Annual Report as at May 31, 1960. It includes consolidated financial statements of DeCoursey-Brewis Minerals Limited and its wholly-owned subsidiary, Alaska Mines and Minerals Incorporated, financial statements of DeCoursey-Brewis Minerals Limited, and financial statements of Alaska Mines and Minerals Incorporated. These are all drawn as at May 31, 1960 and are reported upon by the Auditors of the Company, McDonald, Nicholson & Co., Chartered Accountants.

ALASKAN OPERATION

The Company's major activity during the year was the operation of the producing mercury property in Alaska, owned by Alaska Mines and Minerals Incorporated, the wholly-owned subsidiary of DeCoursey-Brewis Minerals Limited. The results of this operation are set out clearly in the financial statements of that Company which are included in this report.

The following table contains some additional statistics that are of interest:

	1960	1959
Number of tons of ore mined	10,845	8,186
Number of tons of ore milled	10,503	8,175
Number of flasks of mercury produced	3,588	3,877
Number of pounds of mercury produced	272,688	294,652
Pounds of mercury produced per ton of ore milled	25.96	36.04
Total production cost	\$718,855.00	\$682,812.00
Cost per ton milled	\$ 68.44	\$ 83.52
Number of flasks of mercury sold	3,503	3,512
Proceeds from sales	\$743,160.00	\$776,162.00
Average selling price per flask	\$ 212.15	\$ 221.00

You will note from this information that although the Company's cost experience during 1960 was better than that in 1959, a greater loss was suffered during the year now reported upon because of lower grade ore mined and a lower selling price for mercury.

Since the end of the Company's fiscal year the ore picture at the Red Devil Mine has improved substantially and Alaska Mines and Minerals has earned a small operating profit.

D E C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

CANADIAN PROPERTIES

Red Lake

As indicated in our last Annual Report the Company still proposes to do further diamond drilling on its gold mining properties in the Red Lake Area adjacent to Dickenson Mines Limited and H. G. Young Mines Limited. With interest developing in gold, as has been indicated recently, your Management is of the opinion that the time to proceed with this work will soon be appropriate.

Echo Township

The molybdenum properties owned by the Company and located in Echo Township are being maintained in good standing as these are of interest and warrant further work.

Your Directors wish to record their appreciation for the co-operation and excellent assistance received from Mr. R. G. Wolfe and Mr. R. F. Lyman, President and Vice-President respectively of Alaska Mines and Minerals Incorporated.

Your Directors respectfully solicit your support. If you are unable to attend the Shareholders' Meeting in person kindly return the enclosed Proxy at your early convenience.

Respectfully submitted on behalf of the Board,

A. W. WHITE,

President.

DeCOURSEY-BREWIS MINERALS LIMITED
and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

**NOTES TO BALANCE SHEET
31st May, 1960**

- (1) The accompanying Financial Statements are expressed in terms of Canadian Currency. The current assets and the liabilities have been stated in Canadian Currency at the rate of exchange in effect at 31st May, 1960. Additions to buildings and equipment, development and exploration expenditures have been stated at the average monthly rates of exchange for the year ended 31st May, 1960. Operating income and expenditures have been stated at the average monthly rates of exchange for the year ended 31st May, 1960.
- (2) The Subsidiary was acquired at an aggregate cost of \$332,620.46 in excess of the book value at the date of acquisition, which includes the deficit of \$154,861.96 at that date.
- (3) In the Trust Indenture under which the 6% Sinking Fund Debentures have been issued, the Company covenants that it will not declare or pay dividends on its Capital Stock so long as any of the Debentures remain outstanding.
- (4) The Subsidiary Company, Alaska Mines and Minerals Incorporated, is contingently liable under present outstanding litigation arising out of an award of the Alaska Industrial Board dated 12th June, 1957, awarding total and partial disability compensation, medical care payment and attorney's fees and penalties in a sum totalling less than \$25,000.00 payable to the Estate of an injured employee.

Auditors' Report

To the Shareholders,
DeCoursey-Brewis Minerals Limited,
TORONTO, Ontario.

We have examined the Consolidated Balance Sheet of DeCOURSEY-BREWIS MINERALS LIMITED and its wholly-owned Subsidiary, ALASKA MINES AND MINERALS INCORPORATED as at 31st May, 1960, and the accompanying related Statements for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Statements present fairly the financial position of the Companies at 31st May, 1960, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 6th September, 1960.

DeCOURSEY-BREWIS

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ALASKA MINES A

CONSOLIDAT

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ASSETS

Current Assets

Cash on Hand and in Banks	\$ 13,153.45
Accounts Receivable	5,924.73
Inventories — Mercury on Hand and in Transit, at estimated realizable value	93,920.80
Operating Materials and Supplies, at laid-down cost	121,921.22
Prepaid Charges	17,093.56
	\$ 252,013.76

Long-Term Account Receivable

McCally Trading Company, Inc.	30,319.67
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Fixed Assets, at cost

Buildings	\$ 336,507.92
Equipment, Furniture and Fixtures	611,421.86
Oil Storage Tanks	25,656.55
Sewer, Water, Power and Fuel Lines	59,576.13
	\$ 1,033,162.46
Less: Accumulated Depreciation	458,322.25
	\$574,840.21

Mining Claims and Properties	133,328.55
Construction in Progress	988.69

709,157.45

Other Assets

Unlisted Shares of Other Companies, at book value	\$ 22,000.00
Exploration Expenditure on Outside Properties, per Statement herewith	236,342.97
Preliminary Development, Administrative Costs and Other Charges, per Statement herewith	235,056.53

493,399.50

Excess of Cost to Parent Company over book value of Subsidiary Company at date of acquisition (Note 2)

332,620.46

Unamortized Bond Discount and Expense

10,788.96

Organization Expense

5,947.61

\$ 1,834,247.41

MINERALS LIMITED

owned Subsidiary

MINERALS INCORPORATED

BALANCE SHEET

1960

LIABILITIES

Current Liabilities

Bank Overdraft	\$ 17,664.99
Bank Loan Payable	59,408.54
Accounts Payable and Accrued Charges	202,840.25
Accrued and Withheld Taxes and Insurance	11,608.72
Notes Payable	241,258.86
Bond Interest Accrued	17,504.70
Option Payable	3,942.50
	\$ 554,228.56

Long-Term Liabilities

Advances to Subsidiary Company from Defence Minerals Exploration	
Administration	\$ 30,033.16
First Mortgage 6% Sinking Fund Debentures, per Statement herewith	506,611.25
	536,644.41

Capital

Capital Stock	
Authorized 5,000,000 shares of Par Value \$1.00 each	<u>\$ 5,000,000.00</u>

Issued and Fully Paid, 3,866,390 shares, per Statement herewith	\$ 2,572,257.48
Surplus arising from Reorganization of Capital Structure	43,066.05
	<u>\$ 2,615,323.53</u>

Deduct:

Exploration Account, at debit, per Statement herewith	\$ 785,064.63
Deficit, per Statement of Operations herewith	1,086,884.46
	<u>1,871,949.09</u>
	<u>743,374.44</u>
	<u><u>\$ 1,834,247.41</u></u>

Approved on behalf of the Board:

A. W. WHITE, Director.

L. W. McILMURRAY, Director.

The accompanying Notes are an integral part of this Statement.
Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 6th September, 1960.

De COURSEY - BREWIS MINERALS LIMITED
and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF CAPITAL STOCK

For the year ended 31st May, 1960

	Par Value	Discount	Net
Issued and Outstanding Balance, 31st May, 1960	\$ 3,866,390.00	\$ 1,294,132.52	\$ 2,572,257.48

STATEMENT OF FIRST MORTGAGE 6% SINKING FUND DEBENTURES
Due 1st June, 1962, payable as to principal and interest in
United States Currency

	U.S. Dollars
Authorized and Issued	\$600,000.00
Deduct:	
Debentures purchased by the Company for deposit with the Trustee for the Debentureholders for cancellation under the terms of the Trust Indenture	86,000.00
Balance, 31st May, 1960	<u>\$514,000.00</u>

NOTE: The foregoing balance at 31st May, 1960, expressed in Canadian Currency at the then current
rate of exchange is \$506,611.25.

D E C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D
and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

CONSOLIDATED EXPLORATION ACCOUNT

For the year ended 31st May, 1960

Indirect Expenses

Annual Meeting Expense	\$ 1,329.49
Head Office Maintenance	15,000.00
Legal and Accounting Fees	865.30
Printing, Stationary and Office Expense	915.15
Share Issue Expense	205.95
Transfer Agent's Fees and Expense	1,925.92
Travelling	400.70
	\$ 20,642.51

Other Charges

Bond Interest	\$32,340.00
Bond Discount and Expense	5,394.48
Loan Interest	9,103.69
	\$46,838.17
Add:	
Foreign exchange adjustment	17,731.07
	64,569.24
Balance, at debit, 31st May, 1959	\$ 85,211.75
	699,852.88
Balance, at debit, 31st May, 1960	\$785,064.63

**CONSOLIDATED STATEMENT OF PRELIMINARY DEVELOPMENT,
ADMINISTRATIVE COSTS AND OTHER CHARGES**

For the year ended 31st May, 1960

Balance, 31st May, 1959	\$335,419.07
Add:	
Fees, Licenses and Taxes	99.14
	\$335,518.21
Deduct:	
Amount Charged to Operations	100,461.68
Balance, 31st May, 1960	\$235,056.53

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D
and its wholly-owned Subsidiary

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF OPERATIONS

For the year ended 31st May, 1960

(Comprising the Operations of the Red Devil Mine)

Income			
Sale of Refined Mercury			\$ 710,164.17
Cost of Sales — not including Depreciation and Amortization of Development Expense			
Mercury Inventory, 1st June, 1959			\$ 91,527.74
Production Costs			686,937.47
			<hr/>
Less: Mercury Inventory, 31st May, 1960			\$778,465.21
			93,920.80
			<hr/>
Gross Profit			\$ 684,544.41
Sales and Administrative Expenses			<hr/>
			\$ 25,619.76
			<hr/>
Net Loss from Operations before Provision for Depreciation, Amortization of Preliminary Development Expense, and Other Income and Expenses			\$ 108,251.99
Deduct: Provision for Depreciation			<hr/>
Amortization of Preliminary Development, Administrative Costs and Other Charges			\$ 82,632.23
Profit on Sale of Fixed Assets			<hr/>
Cost of Registration — Securities and Exchange Commission			\$ 81,713.76
			<hr/>
Net Loss from Operations before Other Income and Expense			\$ 100,461.68
Other Income and Expense			<hr/>
Rental Income			(209.04)
Less: Interest Paid			4,046.47
			<hr/>
Net Loss for the year			\$ 186,012.87
Deficit, 31st May, 1959			<hr/>
Deficit, 31st May, 1960			\$ 268,645.10
			<hr/>
			\$ 260,032.57
			826,851.89
			<hr/>
			\$ 1,086,884.46

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

NOTES TO BALANCE SHEET

31st May, 1960

- (1) In the Trust Indenture under which the 6% Sinking Fund Debentures have been issued, the Company covenants not to declare or pay dividends on its Capital Stock so long as any of the Debentures remain outstanding.
- (2) For purposes of preparation of the attached Statements items recorded in the Company's accounts at 31st May, 1960, in United States Currency, were converted to Canadian Currency at rates of exchange in effect at that date.
- (3) Net loss of the Company's wholly-owned subsidiary, Alaska Mines and Minerals Incorporated for the year ended 31st May, 1960, amounts to \$318,762.83. The net loss of the wholly-owned subsidiary since the acquisition of its shares by DeCoursey-Brewis Minerals Limited amounts to \$1,175,522.81.

Auditors' Report

To the President and Directors,
DeCoursey-Brewis Minerals Limited,
TORONTO, Ontario.

We have examined the Balance Sheet of DeCOURSEY-BREWIS MINERALS LIMITED as at 31st May, 1960, together with the Statement of Preliminary Development, Administrative Costs and Other Charges, Statement of Expenditure on Outside Mining Properties and Exploration Account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and the above-mentioned related Statements present fairly the financial position of the Company at 31st May, 1960, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 6th September, 1960.

DeCOURSEY-BREWIS

BALA

(Expressed in

31st /

ASSETS

Current Assets

Cash in Banks	\$ 11,945.05
Accounts Receivable	21,006.46
<hr/>	

Interest in Wholly-Owned Subsidiary Alaska Mines and Minerals Incorporated

Shares, at Cost	\$ 480,000.00
Advances	1,683,761.11
<hr/>	

Fixed Assets, at cost

Mining Claims and Properties	\$ 121,328.55
Preliminary Development, Administrative Costs and Other Charges, per Statement herewith	150,421.28
<hr/>	

Other Assets

Interest in Outside Mining Companies and Mining Properties, at cost, less amounts written off:

Shares of other Mining Companies	\$ 20,000.00
Exploration Expenditures on Outside Mining Properties, per Statement herewith	204,112.28
Shares of Other Companies	2,000.00
<hr/>	

Unamortized Bond Discount and Expense

10,788.96

Organization Expense

5,947.61

\$ 2,711,311.30

The accompanying Notes are an integral part of this Statement.

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 6th September, 1960.

MINERALS LIMITED

SHEET

Canadian Currency)

, 1960

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Charges	\$ 67,324.40
Notes Payable	228,993.75
Bond Interest Accrued	17,504.70
	\$ 313,822.85

First Mortgage 6% Sinking Fund Debentures, per Statement herewith 506,611.25

Capital

Capital Stock

Authorized 5,000,000 shares of Par Value \$1.00 each	\$ 5,000,000.00
Issued and Outstanding, 3,866,390 shares per Statement herewith	\$ 2,572,257.48
Surplus arising from Reorganization of Capital Structure	43,066.05
	\$ 2,615,323.53
Exploration Account, at debit, per Statement herewith	724,446.33
	1,890,877.20

Approved on behalf of the Board:

A. W. WHITE, Director.

L. W. McILMURRAY, Director.

\$ 2,711,311.30

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

STATEMENT OF CAPITAL STOCK

For the year ended 31st May, 1960

Issued and Outstanding	Par Value	Discount	Net
Balance, 31st May, 1959	\$ 3,866,390.00	\$ 1,294,132.52	\$ 2,572,257.48

STATEMENT OF FIRST MORTGAGE 6% SINKING FUND DEBENTURES

Due 1st June, 1962, payable as to principal and interest in
United States Currency

	U.S. Dollars
Authorized and Issued	\$ 600,000.00
Deduct:	
Debentures purchased by the Company for deposit with the Trustee for the Debentureholders for cancellation under the terms of the Trust Indenture	86,000.00
Balance, 31st May, 1960	\$ 514,000.00

NOTE: The foregoing balance at 31st May, 1960, expressed in Canadian Currency at the then
current rate of exchange is \$506,611.25.

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

EXPLORATION ACCOUNT

For the year ended 31st May, 1960

Indirect Expenses

Annual Meeting Expense		\$ 1,329.49
Head Office Maintenance		15,000.00
Legal, Accounting and Audit		865.30
Printing, Stationery and Office Expense		915.15
Share Issue Expense		205.95
Transfer Agent's Fees		1,925.92
Travelling	400.70	\$ 20,642.51

Other Charges

Bond Interest		\$32,340.00
Bond Discount and Expense		5,394.48
Loan Interest		9,103.69
		\$46,838.17

Deduct:

Interest Income		\$42,313.18		
Foreign Exchange Adjustment		26,624.94	68,938.12	(22,099.95)
				\$ (1,457.44)
Balance, 31st May, 1959				725,903.77
Balance, 31st May, 1960				\$724,446.33

D e C O U R S E Y - B R E W I S M I N E R A L S L I M I T E D

Statement of Exploration Expenditure on Outside Mining Properties
For the year ended 31st May, 1960

Balance, 31st May, 1959		
Property Purchase and Option Payments	155,025.40	
Exploration Expenditure	49,086.88	204,112.28
Additions during year		NIL
Balance, 31st May, 1960		<u><u>\$204,112.28</u></u>

**Statement of Preliminary Development, Administrative
Costs and Other Charges**
For the year ended 31st May, 1960

Balance, 31st May, 1959		150,322.14
Add:		
Taxes	99.14	
Balance, 31st May, 1960		<u><u>\$150,421.28</u></u>

ALASKA MINES AND MINERALS INCORPORATED

Auditors' Report

To the Board of Directors,
Alaska Mines and Minerals Incorporated,
ANCHORAGE, Alaska.

We have examined the Balance Sheet of ALASKA MINES AND MINERALS INCORPORATED as at 31st May, 1960, and the related Statement of Operations and Statement of Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying Balance Sheet and Statement of Operations and Statement of Deficit present fairly the financial position of ALASKA MINES AND MINERALS INCORPORATED at 31st May, 1960, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

TORONTO, 23rd August, 1960.

ALASKA MINES AND M

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(With Comparative Figures)

ASSETS	1960	1959
Current Assets		
Cash on Hand and in Bank	\$ 1,226.02	\$ 5,390.03
Accounts Receivable		
Mercury	\$ 250.00	45,974.00
Employees	287.39	572.09
Other	2,794.50	3,042.21
Inventories		
Mercury at selling price less estimated marketing cost	\$ 95,290.60	95,155.54
Operating Supplies, at cost or market whichever is lower	123,699.40	156,360.43
Prepaid Insurance	2,658.75	7,598.28
Refundable Deposit	30.00	30.00
Prepaid Expense	14,654.11	—
	\$ 240,890.77	\$ 314,122.58
Long Term Account Receivable		
McCally Trading Company Inc.	30,760.69	\$ 35,394.56
Fixed Assets		
Buildings, at cost	\$ 339,893.12	\$ 336,116.03
Equipment, furniture and fixtures, at cost	615,925.71	612,065.08
Oil storage tanks, at cost	25,853.92	25,853.92
Sewer, water, power and fuel lines, at cost	60,708.87	56,425.92
	\$ 1,042,381.62	\$ 1,030,460.95
Deduct: Accumulated Depreciation	471,962.36	386,635.24
	\$ 570,419.26	\$ 643,825.71
Mining Properties, at cost	12,000.00	12,000.00
Construction in Progress	1,034.63	—
	583,453.89	\$ 655,825.71
Other Assets		
Deferred Exploration and Development, at cost	\$ 915,474.75	\$ 915,474.75
Deduct: Charged to Operations	843,591.29	738,461.86
	71,883.46	\$ 177,012.89
Outside Exploration		
Property Purchase and Option Payments	\$ 25,000.00	\$ 25,000.00
Exploration Expenditures	7,952.37	7,952.37
	32,952.37	\$ 32,952.37
	\$ 959,941.18	\$ 1,215,308.11

MINERALS INCORPORATED

SHEET
1960

at 31st May, 1959)

LIABILITIES

	1960	1959
Current Liabilities		
Bank Overdraft	\$ 17,922.63	\$ -----
Notes and Contracts Payable	72,718.99	140,284.50
Wages and Salaries Payable	2,469.63	16,380.39
Accounts Payable — trade	99,726.37	60,352.38
Accrued and withheld Taxes and Insurance	11,778.03	29,765.52
Royalties Payable	53,929.88	26,788.02
Accrued Interest	28,318.18	3,675.00
Option Payable	4,000.00	4,000.00
	\$ 290,863.71	\$ 281,245.81
Non-Current Liabilities		
Notes and Contracts Payable	\$ -----	\$ 6,222.00
D.M.E.A. Advances	31,500.00	31,500.00
	31,500.00	\$ 37,722.00
Parent Company Advances		
6% Notes Payable	\$ 719,000.00	\$ 1,680,000.00
Non-Interest Bearing Note Payable	961,000.00	\$ 1,620,000.00
	\$ 302,241.50	\$ 302,241.50
Capital and Deficit		
Capital Stock		
Authorized: 3,500,000 shares of par value \$1.00 each	\$ 3,500,000.00	\$ 3,500,000.00
Issued and Fully Paid 300,000	\$ 300,000.00	\$ 300,000.00
Capital Surplus	2,241.50	2,241.50
	\$ 302,241.50	\$ 302,241.50
Deficit, per Statement herewith	(1,344,664.03)	(1,025,901.20)
	(1,042,422.53)	\$ (723,659.70)

NOTE: The Company is contingently liable under present outstanding litigation arising out of an award of the Alaska Industrial Board dated 12th June, 1957, awarding total and partial disability compensation, medical care payment and attorney's fees and penalties in a sum totalling less than \$25,000.00 payable to the Estate of an injured employee.

Subject to accompanying Report of this date.

McDONALD, NICHOLSON & CO.,

Chartered Accountants.

TORONTO, 23rd August, 1960.

\$ 959,941.18 \$ 1,215,308.11

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF DEFICIT

For the year ended 31st May, 1960

(With Comparative Figures for the year ended 31st May, 1959)

	1960	1959
Balance, 1st June	\$ 1,025,901.20	\$ 744,244.58
Add: Net Loss for the year	318,762.83	267,377.36
Organization Expenses Written-off	-----	14,279.26
Balance, 31st May	<u><u>\$ 1,344,664.03</u></u>	<u><u>\$ 1,025,901.20</u></u>

ALASKA MINES AND MINERALS INCORPORATED

STATEMENT OF OPERATIONS

For the year ended 31st May, 1960

(With Comparative Figures for the year ended 31st May, 1959)

	1960	1959
Income		
Sales of Refined Mercury	\$743,160.50	\$776,162.65
Cost of Sales		
Inventory of Mercury, 1st June	\$ 95,155.54	\$ 22,382.60
Production Costs, per Schedule herewith	718,854.62	682,811.79
	<hr/> \$814,010.16	<hr/> \$705,194.39
Inventory of Mercury, 31st May	95,290.60	95,155.54
	<hr/> 718,719.56	<hr/> \$610,038.85
Gross Profit	<hr/> \$ 24,440.94	<hr/> \$166,123.80
Sales and Administrative Expense		
Marketing Expense	\$ 11,433.00	\$ 20,808.87
Office Salaries and Expense	71,559.43	49,062.37
Audit and Legal	4,343.27	6,976.68
Travel and Entertainment	9,511.87	4,632.63
Technical and Professional Services	258.50	-----
Telephone and Telegraph	632.89	842.14
Workmen's Compensation Insurance	57.14	46.63
Fire and Other Insurance	14,931.37	8,407.00
Other Expense	554.24	696.72
Memberships	<hr/> -----	<hr/> 1,938.50
	<hr/> \$113,281.71	<hr/> \$ 93,411.54
Operating Profit (Loss)	<hr/> \$ (88,840.77)	<hr/> \$ 72,712.26
Other (Income) and Expense		
Rental Income	\$ (12,453.51)	\$ (15,322.78)
Interest Expense	47,719.99	27,105.99
	<hr/> 35,266.48	<hr/> \$ 11,783.21
Profit (Loss) Before Provision for the following	<hr/> \$ (124,107.25)	<hr/> \$ 60,929.05
Provision for Depreciation	\$ 85,510.42	\$ 95,014.21
Amortization of Deferred Exploration and Development Costs	105,129.43	174,635.07
Loss on Sale of Fixed Assets	(218.75)	466.71
Outside Exploration Written-Off	-----	39,003.03
Cost of Registration-Securities and Exchange Commission	4,234.48	19,187.39
	<hr/> 194,655.58	<hr/> \$328,306.41
Net Loss for the year	<hr/> \$318,762.83	<hr/> \$267,377.36

ALASKA MINES AND MINERALS INCORPORATED

SCHEDULE OF PRODUCTION COSTS

For the year ended 31st May, 1960

(With Comparative Figures for the year ended 31st May, 1959)

	1960	1959
Direct Labour, Material and Expense		
Mining	\$323,079.68	\$285,273.29
Milling	116,469.80	110,407.99
	<hr/>	<hr/>
	\$439,549.48	\$395,681.28
Other Direct Charges		
Freight Out	\$ 23,433.91	\$ 25,693.94
Royalty Expense	70,795.65	77,887.49
Payroll Taxes	18,279.47	14,240.21
Workmen's Compensation Insurance	33,380.74	34,899.69
Shop and Equipment Expense	39,001.02	24,516.22
Rebottling Expense	<hr/>	1,948.40
	<hr/>	<hr/>
	184,890.79	\$179,185.95
Campsite Expense		
Cookery and Commissary Operation — net	\$ 7,327.62	\$ 12,803.76
Labour	12,107.81	14,405.53
Heat, Light and Power	28,802.32	28,084.68
Maintenance and Warehouse Expense	46,176.60	52,650.59
	<hr/>	<hr/>
	94,414.35	\$107,944.56
Total Production Cost	<hr/>	<hr/>
	\$718,854.62	\$682,811.79

